GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:651
ANSWERED ON:10.05.2002
CONCESSION TO PAKISTAN BY EUROPEAN UNION
NARESH KUMAR PUGLIA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether negotiations between India and European Union (EU) about India`s demand to extend the concessions given to Pakistan under Generalised System of Preferences has failed and the EU has rejected India`s request in this regard;

(b) if so, the details thereof;

(c) whether India has now taken a decision to move the Dispute Settlement Body of WTO in this regard;

(d) if so, the details thereof; and

(e) if not, the other steps the Government propose to take?

Answer

MINISTER COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c), (d) AND (e) OF LOK SABHA STARRED QUESTION NO. 65 BE ANSWERED ON 10TH MAY 2002 REGARDING CONCESSION TO PAKISTAN BY EUROPEAN UNION BY SHRI NA PUGLIA.

(a) and (b) : The scheme of Generalised System ofPreferences (GSP) of the European Union (EU) for the period 1st January 2002 to 31st December 2004 inter-alia provides for suspension by the EU of customs duties for all products which have not graduated, under special tariff arrangements to combat drug production and trafficking. Pakistan is one of the beneficiary countries under this special arrangement. As this may adversely affect India`s exports to EU India had taken up this issue with EU through bilateral consultations held in February 2002. During the consultations it was highlighted that India would stand to lose substantial trade on account of duty concessions given selectively to Pakistan. The EU was requested to rectify the adverse trade impact due to such concessions.The bilateral consultations did not however yield the desired results from India`s point of view.

(c), (d) and (e) : As the first step to resolve the above dispute with EU, under the Dispute Settlement Mechanism of WTO, it was decided to seek consultations with EU. The consultations were held with EU on 25th March 2002 which have however not led to positive results. While we are still open to remedial action from the EU side,further course of action would be taken in accordance with the WTO rules.